

Restricting TDI authority to make inquiries of insurance companies

HB 2257 by Shields (Harris)

DIGEST: HB 2257 would have restricted the Texas Department of Insurance's authorization to make certain inquiries of insurance companies and the use of the information received. An inquiry under sec. 1.24 of the Insurance Code would have to be authorized by the commissioner or one of four associate commissioners, and the information would not be subject to the Open Records Act, the Texas Administrative Procedures Act or discovery under the Texas Rules of Civil Procedure.

**GOVERNOR'S
REASON
FOR VETO:** "House Bill 2257 would unduly restrain the Texas Department of Insurance (TDI) from fulfilling its responsibility to regulate insurance companies and to protect consumers.

"This bill would preempt TDI's use of any information obtained in a company's response to a regulatory inquiry, and would prevent the introduction of such response as evidence in an administrative hearing. The Commissioner of Insurance has already directed TDI to exercise greater restraint in the issuance of requests and in the use of the information received. If this bill becomes law, it would hamper TDI's enforcement powers and increase the costs of applying them."

RESPONSE: Rep. John Shields, the author of HB 2257, said: "It is a misunderstanding of my bill. I'll try again."

NOTES: HB 2257 was analyzed in Part Six of the May 9 *Daily Floor Report*.